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HEALTH

Rise in Prescription-Drug Spending May Mean Steeper Premiums Ahead

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WASHINGTON -- Spending on prescription drugs jumped 17% last year, raising concerns about further big increases in health-insurance premiums and steeper pharmacy bills for those without drug coverage.

The National Institute for Health Care Management Foundation said in a report to be released Friday that spending rose sharply because more people are using prescription drugs, more people are buying more expensive drugs and prescription-drug prices in general are rising faster than the cost of living.

[See a chart of the top 10 prescription drugs ranked by retail sales in 2001⁰.](#)

The institute, a nonprofit group that receives funding from the insurance industry and government, said total prescription-drug spending in 2001 topped \$154 billion,

rising \$22.5 billion from 2000.

The average cost of a prescription at a pharmacy rose about 10% to \$49.84. But the average bill for some of the top 50 drugs sold in the U.S., such as arthritis medication Vioxx, was \$71.56. Lipitor, the top-selling prescription drug, rose 2.9% to \$84.96 for the average prescription. The No. 2 drug Prilosec, which fights ulcers, was up 3.7% to \$143.68 for the average prescription. The drug with the biggest price increase was a generic: Albuterol, used in inhalers for asthma, which went up 33% to \$23.86 for the average prescription. For name-brand drugs, the biggest price boost for Accutane, the acne drug, which went up 23% to \$374.70 for the average prescription.

The most commonly purchased prescription drugs were antidepressants, the report found. Ulcer and cholesterol drugs followed close behind as advertising is stepped up and more baby boomers start taking the drugs.

Though inflation has been tame in recent years -- the consumer-price index last year rose 2.8% -- prescription-drug spending has climbed steadily, prompting calls for Congress to include a prescription-drug benefit in Medicare, the government's insurance program for the elderly and disabled. Medicare patients are the biggest users of prescription drugs and some of the most vulnerable to price increases. Prospects for approving such a benefit this year are dim, however, since Democrats and Republicans can't agree how much such a benefit should cover or how to administer it.

A spokesman for AARP, which represents the elderly, said that the report's findings were not a surprise, but that it would add more pressure on Congress to pass a drug benefit for Medicare. Medicare beneficiaries, who are largely seniors, are expected to spend about \$80 billion to \$85 billion for prescription drugs this year.

The Pharmaceutical Research and Manufacturers of America, a drug-industry group, said the increased spending on drugs shows that more people are getting relief from disease.

The increase in drug spending means higher costs for insurance companies, which pass along costs to consumers through higher premiums. "This has had an immediate impact on the health-insurance structure for prescription drugs," said Steven Findlay, director of research at the foundation, who compiled the report. "Plans have moved rather rapidly to shift cost to their enrollees."

A spokeswoman for the American Association of Health Plans, an insurance-industry group, said that drug costs do contribute to higher premiums, but that there should be a focus on other things that drive up premium costs too, such as lawsuits and government regulation.

Sidney Wolfe, director of the health research group at Public Citizen, a consumer group, attributed much of the jump in drug spending to aggressive ad campaigns by drug makers. He said that most drugs that treat a certain ailment are fairly similar but that drug makers spend big bucks on advertising to make their drug seem newer, safer or more effective than competitors. "If you're a Medicare recipient and don't have drug coverage, you're paying through the nose for this," said Dr. Wolfe.

The foundation's report, put out annually, surveys the prices and sales trends of 9,482 prescription drugs sold in pharmacies, food and discount stores and mass merchandisers. As prescription prices rose last year, so did sales at mail-order pharmacies, which often offer discounts.

Mail-order prescription drug sales rose 27% to \$20.7 billion last year, the report found.

Meanwhile, the rise in spending on over-the-counter drugs, which face more market competition, has been much slower than prescription-drug sales, increasing just a few percentage points a year to \$19.1 billion in 2000, the most recent year for which data are available. The foundation's report doesn't survey over-the-counter medicines.

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Top 10 prescription drugs ranked by retail sales in 2001:

DRUG (Maker)	TYPE	SALES	% CHANGE IN SALES FROM 2000
Lipitor (Pfizer)	Cholesterol reducer	\$4.52 billion	22.3%
Prilosec (AstraZeneca)	Antiulcerant	\$4.00	-2.5
Prevacid (TAP Pharm. Products)	Antiulcerant	\$3.20	12.8
Zocor (Merck)	Cholesterol reducer	\$2.74	24.1
Celebrex (Pharmacia/Pfizer)	Antiarthritic	\$2.39	18.4
Zoloft (Pfizer)	Antidepressant	\$2.15	13.9
Paxil (Glaxo SmithKline)	Antidepressant	\$2.12	17.5
Vioxx (Merck)	Antiarthritic	\$2.03	33.5
Prozac (Eli Lilly)	Antidepressant	\$1.99	-22.3
Augmentin (Glaxo SmithKline)	Enhanced antibiotic	\$1.87	18.2

Source: National Institute for Health Care Management Foundation

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--Stephenie Steitzer contributed to this article.

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